



**TYSAN HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

*2005/2006*

Interim Report



## RESULTS

The Board of Directors are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries ("the Group") for the six months ended 30 September 2005 as follows :

### Condensed Consolidated Profit and Loss Account

		Six months ended 30 September	
		2005	2004
		<i>Unaudited</i>	<i>Unaudited</i>
		HK\$'000	HK\$'000
	<i>Notes</i>		
TURNOVER	3	397,260	307,459
Cost of sales		(363,659)	(275,872)
Gross profit		33,601	31,587
Other revenue and gains	4	7,288	7,982
Selling expenses		(501)	(643)
Administrative expenses		(15,138)	(15,028)
Other operating expenses		(1,424)	(1,299)
Surplus arising from revaluation of investment properties		43,160	—
Finance costs		(8,233)	(3,674)
PROFIT BEFORE TAX	5	58,753	18,925
Tax	6	(3,054)	(2,673)
PROFIT FOR THE PERIOD		55,699	16,252
ATTRIBUTABLE TO:			
Equity holders of the parent		24,133	5,422
Minority interests		31,566	10,830
		55,699	16,252
EARNINGS PER SHARE	7		
Basic		3.15cents	0.71cents
Diluted		3.11cents	0.70cents



## Condensed Consolidated Balance Sheet

	<i>Notes</i>	As at 30 September 2005 <i>Unaudited</i> HK\$'000	As at 31 March 2005 <i>Restated</i> HK\$'000
<b>NON-CURRENT ASSETS</b>			
Fixed assets		111,135	120,533
Investment properties		1,042,720	995,540
Land lease prepayments		1,491	1,509
Properties under development		408,593	311,934
Interests in associates		234	234
Negative goodwill		—	(24,340)
Other assets		1,499	1,499
Deferred tax assets		2,580	1,877
		<u>1,568,252</u>	<u>1,408,786</u>
<b>CURRENT ASSETS</b>			
Financial assets at fair value through profit or loss		356	432
Inventories		10,260	10,151
Properties held for sale		11,689	11,468
Amounts due from customers for contract works		119,270	99,381
Trade receivables	8	166,114	145,026
Other receivables, prepayments and deposits		31,104	32,128
Tax prepaid		1,620	1,774
Cash and bank balances		276,482	138,027
		<u>616,895</u>	<u>438,387</u>
<b>CURRENT LIABILITIES</b>			
Trade payables and accruals	9	151,540	142,791
Other payables, deposits received and receipts in advance		41,943	40,164
Amounts due to customers for contract works		6,051	19,373
Interest-bearing bank loans and borrowings		133,909	123,918
Current portion of finance leases payables		—	250
Tax payable		3,799	2,340
		<u>337,242</u>	<u>328,836</u>
<b>NET CURRENT ASSETS</b>		279,653	109,551
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,847,905	1,518,337
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank loans and borrowings		507,497	271,286
Deferred tax liabilities		4,259	6,256
		<u>511,756</u>	<u>277,542</u>
		<u>1,336,149</u>	<u>1,240,795</u>
<b>CAPITAL AND RESERVES</b>			
Equity attributable to equity holders of the parent			
Issued capital		76,496	76,496
Reserves		637,941	574,899
		<u>714,437</u>	<u>651,395</u>
Minority interests		621,712	589,400
		<u>1,336,149</u>	<u>1,240,795</u>



**Condensed Consolidated Statement of Changes in Equity**

	Attributable to equity holders of the parent							Total HK\$'000
	Issued share capital HK\$'000	Share premium account HK\$'000	Statutory reserves HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Minority interests HK\$'000	
Balance as at 31 March 2005, as previously reported ( <i>Audited</i> )	76,496	510,987	4,586	3,613	55,713	651,395	589,400	1,240,795
Opening adjustment:								
Derecognition of negative goodwill ( <i>note 1(b)(iii)</i> )	—	—	—	—	24,340	24,340	—	24,340
Balance as at 1 April 2005 ( <i>Restated</i> )	76,496	510,987	4,586	3,613	80,053	675,735	589,400	1,265,135
Profit for the period	—	—	—	—	24,133	24,133	31,566	55,699
Dividends paid to minority interests	—	—	—	—	—	—	(9,356)	(9,356)
Exchange realignment	—	—	42	14,527	—	14,569	10,102	24,671
Balance as at 30 September 2005 ( <i>Unaudited</i> )	<u>76,496</u>	<u>510,987</u>	<u>4,628</u>	<u>18,140</u>	<u>104,186</u>	<u>714,437</u>	<u>621,712</u>	<u>1,336,149</u>
Balance as at 31 March 2004 ( <i>Audited</i> )	75,016	510,157	3,505	3,782	69,332	661,792	572,229	1,234,021
Issue of shares	1,480	830	—	—	—	2,310	—	2,310
Profit for the period	—	—	—	—	5,422	5,422	10,830	16,252
Dividends paid to minority interests	—	—	—	—	—	—	(7,346)	(7,346)
Exchange realignment	—	—	—	(12)	—	(12)	(17)	(29)
Balance as at 30 September 2004 ( <i>Unaudited</i> )	<u>76,496</u>	<u>510,987</u>	<u>3,505</u>	<u>3,770</u>	<u>74,754</u>	<u>669,512</u>	<u>575,696</u>	<u>1,245,208</u>

**Condensed Consolidated Cash Flow Statement**

	Six months ended 30 September	
	2005 <i>Unaudited</i> HK\$'000	2004 <i>Unaudited</i> HK\$'000
Net cash inflow/(outflow) from operating activities	(7,943)	36,379
Net cash outflow from investing activities	(82,870)	(34,412)
Net cash inflow/(outflow) from financing activities	227,873	(5,231)
Net increase/(decrease) in cash and cash equivalents	137,060	(3,264)
Cash and cash equivalents at beginning of period	138,027	85,717
Effect of foreign exchange rate changes, net	1,395	(28)
Cash and cash equivalents at end of period	<u>276,482</u>	<u>82,425</u>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	276,482	83,269
Bank overdrafts	<u>—</u>	<u>(844)</u>
	<u>276,482</u>	<u>82,425</u>

**Notes to Interim Financial Report****1. Basis of preparation and accounting policies****(a) Basis of preparation**

The unaudited interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim financial report should be read in conjunction with the annual accounts for the year ended 31 March 2005.

The interim financial report contains condensed consolidated financial statements which are in compliance with the Hong Kong Financial Reporting Standards ("HKFRSs") in issue that came into effect on 1 January 2005, with the exception as detailed in note 2 to the interim financial report.

The accounting policies used in the preparation of the interim financial report are consistent with those adopted in the annual report for the year ended 31 March 2005, except that the Group has changed some of its accounting policies following its adoption of the new/revised HKFRSs for the first time for the current period's interim financial report.

**(b) Changes in accounting policies**

Adoption of the following new/revised HKFRSs, which include all HKASs and applicable Interpretations ("HKAS-INTs and HK-INTs"), that necessitated material changes in accounting policies or presentation of financial statements are summarised as follows:

**(i) Leasehold land**

The adoption of HKAS 17 "Leases" has resulted in a change in the accounting policy relating to leasehold land, where the leasehold land was reclassified from fixed assets to land lease prepayments. The up-front prepayments made for the leasehold land are expensed in the profit and loss account on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the profit and loss account. In prior periods, the leasehold land was accounted for at cost less accumulated depreciation and any impairment losses. Apart from the presentational change with comparatives restated, this change in accounting policy does not have any effect on the interim financial report.

**(ii) Investment properties**

The adoption of HKAS 40 "Investment Property" has resulted in a change in the accounting policy for the Group's investment properties, whereby changes in fair value are recognised in the profit and loss account.

In prior periods, investment properties were measured at open market values, with revaluation surplus or deficits credited or charged to the investment property revaluation reserve unless the balance on this reserve was insufficient to cover a revaluation deficit, on a portfolio basis, in which case the excess of the revaluation deficit over the balance on the investment property revaluation reserve was charged to the profit and loss account. Where a deficit had previously been charged to the profit and loss account and revaluation subsequently arose, that increase was credited to the profit and loss account to the extent of the deficit previously charged.

Since the Group's investment property revaluation reserve had been fully utilized to cover previous revaluation deficits and all subsequent deficits had been charged to the profit and loss account in prior periods, the adoption of HKAS 40 does not result in any financial impact on the Group.



1. Basis of preparation and accounting policies (Cont'd)

(b) Changes in accounting policies (Cont'd)

(iii) Goodwill/negative goodwill

The adoption of HKFRS 3 "Business Combinations" and HKAS 36 "Impairment of Assets" results in a change in the accounting policy for goodwill/negative goodwill upon business combinations.

*Goodwill*

In accordance with HKFRS 3, goodwill is stated at cost but subject to impairment review annually or when there is indication of impairment. In prior periods, goodwill was amortised using the straight line method over its estimated useful life and was assessed for impairment whenever necessary. Under the transitional provisions of HKFRS3, as goodwill had been fully amortised and amounted to nil value as at 31 March 2005, no restatement in retained profits is required.

*Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as "negative goodwill")*

In accordance with HKFRS 3, negative goodwill after reassessment, is recognised as income immediately as it arises. In prior periods, negative goodwill was recognised as income based on an analysis of the circumstances from which the balance resulted. Under the transitional provisions of HKFRS 3, the Group has derecognised all negative goodwill as at 1 April 2005 with a corresponding increase to retained profits.

(iv) Financial Instruments

The adoption of HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement" has resulted in a change in the accounting policy for recognition, measurement and classification of financial assets and liabilities.

This change in accounting policy has had no effect on the condensed consolidated profit and loss account and retained profits. The Group has reclassified its short term investments to financial assets at fair value through profit or loss as at 1 April 2005. In accordance with HKAS 32, comparative amounts have been reclassified for presentation purpose.

(v) Presentational changes

The adoption of HKAS 1 "Presentation of Financial Statements" has resulted in a change in the presentation of minority interests, which are now shown within equity. Such a presentation practice has already been adopted by the Group in prior periods. On the face of the condensed consolidated profit and loss account, minority interests are presented as an allocation of the total profit or loss for the period.

2. Non-compliance with accounting standard relating to deferred tax arising on revaluation of investment properties

The directors consider it inappropriate for the Group to adopt the new/revised HKFRSs relating to deferred tax arising on revaluation of investment properties as this would result in the financial statements, in the view of the directors, either not reflecting the commercial substance of the business or being significantly distorted.

HKAS 12 "Income Taxes", together with HKAS-INT 21 "Income Taxes – Recovery of Revalued Non-Depreciable Assets", requires deferred tax to be recognised on any revaluation movements on investment properties. It is further provided that any such deferred tax liability should be calculated at the profits tax rate in the case of assets which the management has no definite intention to sell. The Group has not made such provision in respect of its investment properties because the directors consider that such provision would result in the financial statements not reflecting the commercial substance of the business since, should any sale or structured sale arrangement eventuate, any gain would not be subject to any tax.

Should this aspect of HKAS 12 and HKAS-INT 21 have been adopted, additional deferred tax liabilities amounting to HK\$259 million arising from revaluation of certain investment properties of the Group would have been provided.



## 3. Segment information

## (a) Business segments

The following tables present revenue and profit/(loss) for the Group's business segments for the six months ended 30 September:

	Foundation piling		E&M engineering and building construction		Machinery hiring and trading		Property investment and management		Property development		Unallocated		Eliminations		Consolidated	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Segment revenue:																
Sales to external customers	285,749	174,271	51,754	74,700	11,893	9,211	47,864	47,657	—	1,620	—	—	—	—	397,260	307,459
Intersegment sales	—	2,000	—	403	1,394	1,403	—	—	—	—	—	(3,806)	(1,394)	(3,806)	—	—
Total	285,749	176,271	51,754	75,103	13,287	10,614	47,864	47,657	—	1,620	—	—	(1,394)	(3,806)	397,260	307,459
Segment results	9,404	11,286	3,047	4,972	2,557	(3,087)	68,348	23,050	(1,050)	(1,259)	(15,759)	(12,755)	—	—	66,527	22,227
Interest income													459	372	459	372
Finance costs													(8,233)	(3,074)	(8,233)	(3,074)
Profit before tax													58,755	18,925	58,755	18,925
Tax													(3,054)	(2,673)	(3,054)	(2,673)
Profit for the period													55,699	16,252	55,699	16,252

## (b) Geographical segments

The following tables present revenue and profit/(loss) for the Group's geographical segments for the six months ended 30 September:

	Hong Kong		Elsewhere in the PRC		Unallocated		Consolidated	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Segment revenue:								
Sales to external customers	349,828	258,688	47,432	48,771	—	—	397,260	307,459
Segment results	16,689	13,305	65,355	21,460	(15,517)	(12,538)	66,527	22,227



4. Other revenue and gains

	Six months ended 30 September	
	2005 HK\$'000	2004 HK\$'000
Interest income	459	372
Gain on disposal of fixed assets	5,691	2,309
Unrealised holding gain on financial assets at fair value through profit or loss	—	4
Negative goodwill recognised as income during the period	—	1,897
Foreign exchange gains, net	678	—
Write back of provision on doubtful debts	260	—
Others	200	3,400
	<u>7,288</u>	<u>7,982</u>

5. Profit before tax

The Group's profit before tax is arrived at after charging:

	Six months ended 30 September	
	2005 HK\$'000	2004 HK\$'000
Amortisation of goodwill	—	87
Depreciation	23,578	29,986
Loss on disposal of an investment property	109	—
Unrealised holding loss on financial assets at fair value through profit or loss	76	—
Interest expenses	10,258	5,047
Less : Amount capitalised in properties under development	(2,025)	(1,373)
	<u>8,233</u>	<u>3,674</u>

6. Tax

	Six months ended 30 September	
	2005 HK\$'000	2004 HK\$'000
Provision for tax in respect of profit for the period:		
People's Republic of China:		
Hong Kong	467	1,655
Elsewhere	5,287	4,185
Overprovision in prior period:		
People's Republic of China:		
Hong Kong	—	(1,070)
Elsewhere	—	(17)
Deferred tax	5,754	4,753
	(2,700)	(2,080)
	<u>3,054</u>	<u>2,673</u>

Hong Kong profits tax has been provided at the rate of 17.5% (2004 : 17.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere in the People's Republic of China have been calculated at the applicable tax rates prevailing in the areas in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.





7. Earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of the parent of HK\$24,133,000 (2004 : HK\$5,422,000) and on 764,965,903 (2004 : weighted average number of 758,870,821) ordinary shares in issue during the period.

The calculation of diluted earnings per share is based on the profit attributable to equity holders of the parent of HK\$24,133,000 (2004 : HK\$5,422,000). The weighted average number of ordinary shares used in the calculation is 764,965,903 (2004 : 758,870,821) ordinary shares in issue during the period, as used in the basic earnings per share calculation and the weighted average of 10,649,351 (2004 : 11,133,542) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options during the period.

8. Trade receivables

	As at 30 September 2005 HK\$'000	As at 31 March 2005 HK\$'000
Trade receivables with aging analysis :		
Within 90 days	119,318	106,923
91 to 180 days	213	1,164
181 to 360 days	835	973
Over 360 days	392	431
	<hr/>	<hr/>
	120,758	109,491
Retention receivables	45,356	35,535
	<hr/>	<hr/>
	166,114	145,026
	<hr/> <hr/>	<hr/> <hr/>

The Group has established credit policies that follow local industry standards. The average normal credit periods offered to trade customers are within 90 days, and are subject to periodic review by management.

9. Trade payables and accruals

	As at 30 September 2005 HK\$'000	As at 31 March 2005 HK\$'000
Trade payables with aging analysis :		
Within 30 days	89,653	65,641
31 to 90 days	2,159	13,313
91 to 180 days	213	920
Over 180 days	4,434	4,407
	<hr/>	<hr/>
	96,459	84,281
Retention payables	17,839	16,502
Accruals	37,242	42,008
	<hr/>	<hr/>
	151,540	142,791
	<hr/> <hr/>	<hr/> <hr/>



## 10. Commitments and contingent liabilities

	As at 30 September 2005 HK\$'000	As at 31 March 2005 HK\$'000
(a) Future capital expenditure		
Authorised, but not contracted for	19,686	—
Contracted, but not provided for	21,792	44,960
	<u>41,478</u>	<u>44,960</u>
(b) Commitments under non-cancellable operating leases for land and buildings to make payments		
Within one year	9,091	9,911
In the second to fifth years inclusive	3,872	5,502
	<u>12,963</u>	<u>15,413</u>
(c) Contingent liabilities		
Long service payments	5,385	5,319
Guarantees in respect of performance bonds	54,829	41,306
	<u>60,214</u>	<u>46,625</u>



## **BUSINESS REVIEW AND PROSPECTS**

For the six months ended 30 September 2005, the Group's turnover increased by 29% to HK\$397.3 million (30 September 2004: HK\$307.5 million) while profit attributable to equity holders of the Company was approximately HK\$24.1 million as compared to HK\$5.4 million in the last corresponding period.

### **Hong Kong Market**

#### *Foundation Piling*

The macroeconomic environment of Hong Kong is relatively benign with a mixture of positive and negative factors such as falling unemployment rate on one hand and higher interest rates on the other. Overall, the local construction sector remains competitive but industry wide consolidation has benefited the larger players. For the period under review, the turnover of the Group's foundation division was HK\$286 million while contribution to profit amounted to HK\$9.4 million. Approximately 55 per cent. of the turnover was derived from the private sector while the balance was from the public sector. The Group's major contracts on hand include, inter alia, Henderson's HK\$130 million foundation contract in Kwun Tong, Housing Authority's Upper Wong Tai Sin Estate Phase 3, Citic's project in Cheung Sha Wan and Venetian's Sands Casino Phase 2 extension in Macau.

#### *Other Construction Related Sectors*

During the period under review, the turnover and contribution of the Group's electrical and mechanical engineering and building construction division were about HK\$52 million and HK\$3 million respectively. Despite a very competitive environment, the Group still expects the divisions to yield stable and profitable returns.

As expected, the Group's machinery hiring and trading division finally turnaround after a series of strategic actions and restructuring exercise by the management. During the period under review, the division recorded a turnover of HK\$11.9 million and a contribution of HK\$2.5 million. With the division back on track, the Group expects it to provide steady returns.

### **PRC Market**

#### *Property development and investment*

The Group's residential development project in Shanghai's Putuo district, The Waterfront, with a total area of about 147,000 sqm overlooking Suzhou river, will commence its pre-sale in the first half of 2006. With its strategic location adjacent to the subway station and light rail and the impressive river view, the Group is optimistic about the coming launch of the project. In relation to the residential development project along Tianjin's Haihe River, with a total area of about 75,000 sqm, the project has commenced works and pre-sale is scheduled to be in the second half of 2006.

With the continued influx of expatriates into China's major cities and the upward revaluation of Rmb, the Group's investment properties in Shanghai and Tianjin have continued to enjoy steady recurrent income and satisfactory occupancy rates.

### **Capital Structure and Liquidity**

The Group continues to adopt a prudent financial policy and maintains a sound capital structure. As at 30 September 2005, the Group's cash on hand amounted to about HK\$276 million (31 March 2005: HK\$138 million) while total assets and net assets amounted to approximately HK\$2,185 million (31 March 2005: HK\$1,847 million) and HK\$714 million (31 March 2005: HK\$651 million) respectively. Working capital was about HK\$280 million (31 March 2005: HK\$110 million) while net borrowings were approximately HK\$365 million (31 March 2005: HK\$257 million). The total liabilities to total assets gearing ratio was 39 per cent. as compared to 33 per cent. as at 31 March 2005.

As at 30 September 2005, contingent liabilities in relation to guarantees in respect of performance bonds was about HK\$55 million (31 March 2005: HK\$41 million), while certain of the Group's assets with an aggregate net book value of about HK\$596 million (31 March 2005: HK\$347 million) have been pledged to secure certain banking facilities of the Group. The Group's bank borrowings were mostly denominated in Hong Kong dollars but Renminbi loan facilities have also been arranged for its PRC subsidiaries. The currency exposure in the Renminbi borrowings has been hedged by the Group's Renminbi assets and revenue as generated from its PRC properties.



### Prospects

Although the Hong Kong construction market has not picked up its momentum, Macau is actually experiencing unprecedented growth. As first mover to Macau's foundation market, the Group is now successfully capitalizing on opportunities in Macau. Despite interest rates rise and the spike of oil prices, Hong Kong's economy is expected to grow at a healthy pace with the forecast in GDP growth for 2005 being revised from 4.5% - 5.5% to 7%. With continuous effort to strengthen its competitive edge and its leadership position in the industry, the Group is cautiously optimistic about the prospects of the foundation business.

As China's GDP this year is expected to be around the same as in 2004 which was 9.5%, the recent austerity measures did not actually slow down economic growth. The series of macro-economic measures instituted to curb speculative activities did achieve its goals and have now stabilized the real estate market and encouraged healthy growth. With increasing foreign investments, healthy business environment and rising affluence, the property market in Shanghai and Tianjin are expected to demonstrate strong momentum to fuel the Group's future earnings growth.

### EMPLOYMENT AND REMUNERATION POLICIES

The Group, including its subsidiaries and joint ventures in Hong Kong and the PRC, employed approximately 1,000 employees as at 30 September 2005. The Group's remuneration policies are primarily based on prevailing market wages and the performance of the respective companies and individuals concerned. Fringe benefits, including provident fund, medical insurance and training, are provided. In addition, share options may be granted in accordance with the terms of the Group's approved share option scheme.

### CORPORATE GOVERNANCE

As at 30 September 2005, the Company has complied with the Code on Corporate Governance Practices ("the CG Code") contained in Appendix 14 to the Listing Rules save for the following deviations:

*Code Provision A4.1 stipulates that non-executive directors should be appointed for a specific term subject to re-election.* The independent non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company. As such, the Board is of the view that the non-executive directors of the Company need not be appointed for a specific term.

*Code Provision A4.2 stipulates every director should be subject to retirement by rotation at least once every three years.* According to the articles of association of the Company, at each annual general meeting, one third of the directors shall retire from office by rotation provided that notwithstanding anything therein, the chairman of the Board and the managing director of the Company shall not be subject to retirement by rotation or taken into account in determining the number of directors to retire. As continuation is a key factor to the successful long term implementation of business plans, the Board believes that the roles of the chairman and the managing director provide the Group with strong and consistent leadership and allow more effective planning and execution of long-term business strategy. As such, the Board is of the view that the chairman of the Board and the managing director of the Company should not be subject to retirement by rotation.

### Audit Committee

The Group's audit committee has adopted new terms of reference on 20 September 2005 in order to comply with the requirements of the code provisions of the CG Code. The Group's audit committee comprises three members, Mr. Fan Chor Ho Paul, Mr. Chau Cham Son and Mr. Tse Man Bun, who are independent non-executive directors of the Company. The Group's audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the Group's unaudited interim results for the six months ended 30 September 2005.

### Remuneration Committee

The Company established a remuneration committee on 20 September 2005 in accordance with the requirements of the CG Code. The remuneration committee comprises two independent non-executive Directors, namely Mr. Fan Chor Ho Paul, Mr. Tse Man Bun and one executive Director, Mr. Francis Cheung.

### Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules. Having made specific enquiries, all Directors confirmed that they have complied with the Model Code during the period.



**INTERIM DIVIDEND**

The Board has resolved not to declare an interim dividend (2004: Nil) for the six months ended 30 September 2005.

**DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES**

As at 30 September 2005, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

**Long positions in shares of the Company:**

Name of directors	Number of ordinary shares held and nature of interest				Percentage of the Company's issued share capital
	Personal	Corporate	Other	Total	
Mr. Francis Cheung	35,820,600	179,685,000 <sup>(1)</sup>	54,247,200 <sup>(2)</sup>	269,752,800	35.26%
Mr. Fung Chiu Chak Victor	44,321,600	—	—	44,321,600	5.79%
Mr. David Chien	98,021,020	—	—	98,021,020	12.81%
Miss Jennifer Kwok	4,500,000	—	—	4,500,000	0.59%
Mr. Chiu Chin Hung	1,646,000	—	—	1,646,000	0.22%
Mr. Wong Kay	2,765,000	—	—	2,765,000	0.36%
Mr. Tse Man Bun	442,000	—	—	442,000	0.06%

**Long positions in shares of associated corporations of the Company:**

Name of directors	Name of associated corporation	Number of ordinary shares held and nature of interest		
		Personal	Corporate	Total
Mr. Fung Chiu Chak Victor	Tysan Building Construction Company Limited	3,570,000	—	3,570,000
	Tysan Engineering Company Limited	800	—	800
	Tysan Trading Company Limited	20	—	20
Miss Jennifer Kwok	Tysan Trading Company Limited	—	20 <sup>(3)</sup>	20
Mr. Wong Kay	Tysan Engineering Company Limited	2,200	—	2,200
	Tysan Building Construction Company Limited	1,530,000	—	1,530,000

*Notes:*

- 171,237,000 shares were held by Power Link Investments Limited and 8,448,000 shares were held by Long Billion International Limited. Both of these companies were controlled by Mr. Francis Cheung.
- Such shares were held by a discretionary trust the founder of which is Mr. Francis Cheung.
- These shares were held by JM Concept Company Limited which was controlled by Miss Jennifer Kwok.

Save as disclosed above, as at 30 September 2005, none of the directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



## SHARE OPTION SCHEME

As at 30 September 2005, details of share options granted to the directors or eligible employees under the share option schemes of the Company were as follows:-

Name or category of participant	Number of share options					At 30 September 2005	Date of grant	Exercise period	Exercise price HK\$
	At 1 April 2005	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
<b>Directors of the Company</b>									
Mr. Francis Cheung	37,500,000	—	—	—	—	37,500,000	26 March 2004	26 March 2004 to 31 March 2009	0.252
Mr. Fung Chiu Chak Victor	10,000,000	—	—	—	—	10,000,000	3 March 2003*	28 March 2003 to 31 March 2006	0.150
Miss Jennifer Kwok	12,000,000	—	—	—	—	12,000,000	3 March 2003*	28 March 2003 to 31 March 2006	0.150
Mr. Chiu Chin Hung	5,000,000	—	—	—	—	5,000,000	3 March 2003*	28 March 2003 to 31 March 2006	0.150
Mr. Wong Kay	8,000,000	—	—	—	—	8,000,000	3 March 2003*	28 March 2003 to 31 March 2006	0.150
	<u>72,500,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>72,500,000</u>			

\* Each grantee is allowed to exercise up to 30% of the share options granted from the date of grant up to and including 31 March 2004. Thereafter, the percentage of the share options which may be exercised by each grantee is increased to 60% for the period from 1 April 2004 up to and including 31 March 2005, and further to 100% for the period from 1 April 2005 up to and including 31 March 2006.

Save as disclosed above, there was no arrangement to which the Company or any of its subsidiaries was a party to enable the directors and their spouses to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

## SUBSTANTIAL SHAREHOLDERS

As at 30 September 2005, the following persons (other than the directors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Long positions in shares and underlying shares of the Company:

Name	Number of shares	Percentage of the issued share capital
Power Link Investments Limited <sup>(1)</sup>	171,237,000	22.38%
Eastern Glory Development Limited <sup>(2)</sup>	171,237,000	22.38%
Goldcrest Enterprises Limited <sup>(2)</sup>	171,237,000	22.38%
Bofield Holdings Limited <sup>(2)</sup>	171,237,000	22.38%
Teddy Chien	41,034,399	5.36%
Enid Jean Chien	40,180,000	5.25%
Liu Chong Hing Bank Limited <sup>(3)</sup>	40,500,000	5.29%

Notes:

- The above interest of Power Link Investments Limited has also been disclosed as corporate interest of Mr. Francis Cheung in the section headed "Directors' and Chief Executives' interests in shares" above.
- These parties were deemed to have interests in 171,237,000 shares by virtue of their equity interests in Power Link Investments Limited.
- Such shares were held by Liu Chong Hing Bank Limited in the capacity as a custodian.

Save as disclosed above, no other person (other than the directors or chief executives of the Company) had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.





**TYSAN HOLDINGS LIMITED**

**PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period.

By Order of the Board  
**Francis Cheung**  
*Chairman*

Hong Kong, 8 December 2005